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SUBJECT: AMBASSADOR RICE'S MEETING WITH BARZANI IN ERBIL

Classified By: DCM Robert Ford for reasons 1.4 (b) and (d).

11. (U) This is an RRT Erbil cable.

12. (C) Summary: Ambassador Rice met with KRG President Masoud Barzani in Erbil October 24. She stressed the importance of holding national elections on time and including Kirkuk. She pressed for KRG flexibility to allow for the election law to move forward. Barzani agreed on the importance of holding elections on time but objected to making exceptional arrangements for Kirkuk. He also described the marked improvement in KRG relations with Turkey. KRG officials urged the U.S. to establish a consulate in Erbil. End Summary.

Election Law  
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13. (SBU) The centerpiece of Ambassador Rice's afternoon in Erbil was a meeting with KRG President Barzani, who was joined by senior KRG leadership: incoming and outgoing KRG Prime Ministers Dr. Barham Salih and Nechirvan Barzani, Director of Intelligence Masrur Barzani, Minister of Interior Karim Sinjari, Minister responsible for External Relations Falah Mustafa Bakir, and Chief of Staff of the Presidency Dr. Fuad Hussein.

14. (C) Regarding the election law, President Barzani said certain "people" were not committed to holding elections. He said it was "meaningless" for Kirkuk to be singled out and if there are doubts about the electoral lists or who is eligible, then there should be investigations. With regard to allegations that 600,000 Kurds had been moved into Kirkuk, he posed the question, "How could it be possible to hide such a large number of people?" Barzani said he is ready to be flexible on the distribution of executive positions in Kirkuk's provincial administration but it is the people's right to vote for their representatives in parliament. (Note: Barzani's comment in favor of power-sharing at the provincial level in Kirkuk is a welcome stance that may provide a starting point for negotiating a provisional power-sharing arrangement. End Note.)

15. (C) Ambassador Rice stressed the importance of holding on-time elections that include Kirkuk and asked President Barzani to be flexible to find a way forward. She also asked him to keep the Kurdish Alliance parliamentarians in Baghdad to be ready for a COR vote on a new election law. Barzani said that he would do so but if the proposed law makes an exception for Kirkuk then, "none of them will be there."

Turnaround in Relations with Turkey  
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16. (C) Barzani and his colleagues proudly described the marked improvement in KRG's relations with Turkey. Barzani said annual trade between Turkey and the KR had reached the USD5 billion level and that there were 400 Turkish companies active in Kurdistan. Barzani commented that Turkey's recent outreach to its domestic Kurds was sound policy and "we support it" (details on Turkish FM's October

30 visit to Erbil reported septel). When Ambassador Rice asked how the KRG turned the situation around, Barzani said the KRG did nothing to harm Turkish interests, encouraged Turkish companies to come and proved that the KRG was no threat to Turkish interests. Ambassador Rice commended the KRG and GOT leadership.

Opening a U.S. Consulate?

17. (C) Incoming and outgoing KRG PMs Dr. Barham Salih and Nechirvan Barzani raised the issue of the U.S. opening a consulate in Erbil, noting that the Iranians and Russians, among others, have one, and the Turks soon will. CDA Ford said the Administration is reviewing plans for its future posture in Iraq but that no decisions had been taken yet.

Citadel Visit and Microfinance Project

18. (C) Ambassador Rice visited the Erbil Citadel for a Q8. (C) Ambassador Rice visited the Erbil Citadel for a performance of Kurdish folk dancing and a tour of the RRT-financed textile museum. She stopped at a pizzeria that had been financed by a micro-loan from a bank (al-Thiqa) created as part of a USAID microfinance program (the non-governmental organization ACDI-VOCA created the bank, provided it with capital and provides it with continuing advice). ACDI-VOCA and local staff briefed the Ambassador on their successful microfinance program. The Ambassador's visit received substantial ) and very positive ) press coverage in the local media.  
HILL